

SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF TRADING & MARKETS

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/10 1/1/11 AND ENDING 12/31/10 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Foundation Markets Corporation

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

39 Broadway - Suite 3300

(No. and Street)

New York

New York

10006

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Howard Spindel

212-897-1688

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MaloneBailey, LLP

(Name - if individual, state last, first, middle name)

15 Maiden Lane - Suite 1003

New York

NY

10038

(Address)

(city)

(State)

Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

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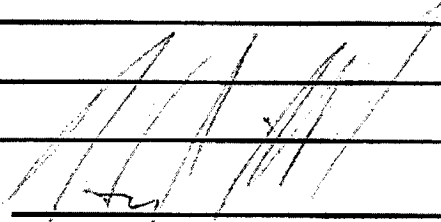
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.174-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

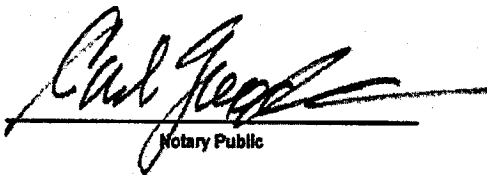
I, Howard Spindel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Foundation Markets Corporation, as of December 31 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

FINOP

Title


Notary Public

CARL GOODMAN
Notary Public, State of New York
No. 01GO9821038
Qualified in Rockland County
Commission Expires March 30, 2014

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholder's Equity or Partners' or Sole Proprietor's Capital
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal accounting control
- ☐ (p) Schedule of segregation requirements and funds in segregation - customers' regulated commodity futures account pursuant to Rule 171-5.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
Financial Statements and Supplemental Schedules

December 31, 2011

**(With Independent Auditors' Report Thereon and Supplemental Report on Internal Control
Required by Rule 17a-5)**

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)

December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foundation Markets Corporation (a Company in the Development Stage)

We have audited the accompanying statement of assets, liabilities and stockholder's equity of Foundation Markets Corporation (a Company in the Development Stage)(the "Company") as of December 31, 2011 and the related statements of revenues and expenses, changes in stockholder's equity (deficit), and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company's financial statements do not include cumulative amounts from inception in the statements of revenue and expenses, changes in stockholder's equity (deficit) and cash flows as required by ASC 915-205 "Development Stage Entities". In our opinion, presentation of this information is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of financial information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects the financial position of Foundation Markets Corporation (a Company in the Development Stage) at December 31, 2011 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 28, 2012

10350 Richmond Avenue, Suite 800 • Houston, Texas 77042 • 713.343.4200
15 Maiden Lane, Suite 1002 • New York, New York 10038 • 212.406.7272
Coastal City (West Tower), Hai De San Dao #1502 • Nanshan District, Shenzhen P.R. China 518054 • 86.755.8627.8690
www.malonebailey.com

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FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDER'S EQUITY

DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 22,763
Due from parent	4,000
Other assets	<u>1,134</u>
TOTAL ASSETS	\$ <u>27,897</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ <u>-</u>
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TOTAL LIABILITIES

Stockholder's Equity

Common stock, no par value, 3,000 shares authorized,
2,174 shares issued and outstanding

Additional paid-in capital	213,760
Deficit accumulated in the development stage	<u>(185,863)</u>

Total Stockholder's Equity	<u>27,897</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ <u>27,897</u>
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The accompanying notes are an integral part of these financial statements.

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
STATEMENT OF REVENUES AND EXPENSES

	Year Ended December 31, 2011
Revenues:	
Total Revenues	\$ -
Expenses:	
Selling general and administrative	198
Professional Fees	700
Regulatory Fees	1,112
Insurance	218
Total Expenses	2,228
Net loss	\$ (2,228)

The accompanying notes are an integral part of these financial statements.

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

	Common Stock		Additional	Deficit Accumulated in the Development Stage	Total Stockholders' Equity (Deficit)
	Shares	Amount	Paid-in Capital		
Balance, December 31, 2010	2,174	-	213,760	(183,635)	30,125
Net loss	-	-	-	(2,228)	(2,228)
Balance, December 31, 2011	2,174	\$ -	213,760	\$ (185,863)	\$ 27,897

The accompanying notes are an integral part of these financial statements.

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (2,228)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Due from parent	(4,000)
Prepaid expenses	(1,134)
Payables and accrued expenses	(126)
NET CASH USED IN OPERATING ACTIVITIES	(7,488)
 NET CHANGE IN CASH	 (7,488)
 CASH	
Beginning of year	30,251
End of year	\$ 22,763
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

The accompanying notes are an integral part of these financial statements.

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Foundation Markets Corporation (the "Company") is a broker-dealer and as such is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. The Company is a wholly owned subsidiary of Foundation Financial Holdings Corporation, a Canadian corporation.

The Company acts as a broker for institutional customers in the purchase and sale of private placement securities.

Since July 8, 2008 (inception) the Company has been in the development stage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Cash and cash equivalents

All cash deposits are held by one financial institution and therefore are subject to credit risk at that financial institution. Management does not believe there to be any significant risk with respect to these deposits.

Income Taxes

The Company uses the asset and liability method in accounting for income taxes. Deferred tax assets and liabilities are recognized for temporary differences between financial statement carrying amounts and the tax bases of assets and liabilities, and are measured using the tax rates expected to be in effect when the differences reverse. Deferred tax assets are also recognized for operating loss and tax credit carry-forwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is used to reduce deferred tax assets when uncertainty exists regarding their realization.

FOUNDATION MARKETS CORPORATION
(A Company in the Development Stage)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule ("SEC rule 15c3-1"), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011, the Company had net capital of \$22,763, which was \$17,763 in excess of its required net capital of \$5,000.

NOTE 4 - INCOME TAXES

At December 31, 2011, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately \$186,000 which will begin to expire, if unused, beginning in 2029. The Company has taken a full valuation allowance against the corresponding deferred tax asset of approximately \$63,000.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company's parent, Foundation Financial Holdings Corporation, paid audit fees of \$8,000 on behalf of the Company.

As of December 31, 2011 the parent Company, Foundation Financial Holdings Corporation owed the Company \$4,000.

**SUPPLEMENTARY INFORMATION PURSUANT TO RULE 17a-5
OF THE SECURITIES EXCHANGE ACT OF 1934**

FOUNDATION MARKETS CORPORATION

**SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2011**

NET CAPITAL:		
Stockholder's equity	\$	27,897
DEDUCTIONS		
DUE FROM PARENT		(4,000)
OTHER ASSETS		(1,134)
NET CAPITAL	\$	<u>22,763</u>
TOTAL AGGREGATE INDEBTEDNESS	\$	<u>0</u>
MINIMUM NET CAPITAL REQUIRED (6.67% of aggregate indebtedness)	\$	<u>0</u>
MINIMUM NET CAPITAL DOLLAR REQUIREMENT	\$	<u>5,000</u>
MINIMUM NET CAPITAL REQUIRED	\$	<u>5,000</u>
EXCESS NET CAPITAL	\$	<u>17,763</u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO	\$	<u>0</u>
NET CAPITAL	\$	<u>22,763</u> <u>0.000%</u>

There are no material differences between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing.

FOUNDATION MARKETS CORPORATION

**SCHEDULE II
INFORMATION RELATING TO RESERVE REQUIREMENTS FOR BROKER/
DEALERS AND INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3
DECEMBER 31, 2011**

The Company claims an exemption from the provisions of Rule 15c3-3 under paragraph (k)(2)(i). Accordingly, the "Computation for Determination of Reserve Requirements" and "Information Relating to the Possession or Control Requirements" under such rule have not been prepared.

FOUNDATION MARKETS CORPORATION
INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT ON
INTERNAL ACCOUNTING CONTROL

December 31, 2011

To the Board of Directors
Foundation Markets Corporation (a Company in the Development Stage)
New York, New York

In planning and performing our audit of the financial statements of Foundation Markets Corporation (a Company in the Development Stage) (the "Company"), as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing, our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(1) and for determining compliance with the exceptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities; we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits, and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from

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To the Board of Directors
Foundation Markets Corporation (a Company in the Development Stage)
New York, New York

unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives,



To the Board of Directors
Foundation Markets Corporation (a Company in the Development Stage)
New York, New York

in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority ("FINRA") and other regulatory agencies that rely on rule 17a-5 (g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

February 28, 2012

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